

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

IN RE: )  
 )  
ROBERT JOSEPH KROBOTH and )  
MELANIA ANN KOBOTH, ) CASE NO: 16-13342  
 ) Chapter 12  
Debtors )  
 )

THIRD AMENDED CHAPTER 12 PLAN

1. This Third Amended Chapter 12 Plan shall be funded as follows:

The future earnings of the Debtors who operate a crop and livestock farm are to be submitted to the supervision and control of the Trustee. The Debtors will remit to the Trustee quarterly payments commencing on May 5, 2017, with subsequent payments on June 30, 2017, September 29, 2017, and December 29, 2017, and thereafter on the last Friday of each of March, June, September, and December in the years 2018, 2019, 2020, and 2021, in the following minimum sums to fully fund the Plan:

2017 - \$78,000.00 each quarter;  
2018 - \$84,000.00 each quarter;  
2019 - \$94,000.00 each quarter;  
2020 - \$105,000.00 each quarter; and  
2021 - \$115,000.00 each quarter.

2. From the payments so received, the Trustee shall make distributions as follows:

A. Full payment in deferred cash payments of all claims entitled to priority under 11 U.S.C. §507 as follows:

- i. The Trustee's commissions at five percent (5%) of the amount of the quarterly payments under the Plan and at the rate of three percent (3%) on any disbursements made by the Trustee pursuant to sales or refinances.
- ii. Approved attorneys' fees for services rendered by Goodman Schwartz & Shaw LLC.
- iii. Any additional allowed claims entitled to priority.

B. Holders of allowed secured claims shall retain the liens securing such claims and shall be paid as follows:

i. PNC Bank, N.A. ("PNC"):

PNC is the holder of a secured claim in the form of a mortgage against 6274 Mud Run Road, Nazareth, Pennsylvania, with a current balance of \$5,788.40. The Debtors are current and will remit the post-petition payments required thereunder outside of the Plan.

ii. United States of America acting through USDA, Commodity Credit Corp. (the "USDA"):

The USDA is the holder of a secured claim pursuant to a security agreement against certain of the Debtors' crops, among other things, in the amount of \$176,846.95 (the "USDA Total Claim").

The USDA is obligated to the Debtors' estate in the amount of \$44,737.00 (the "USDA Set Off Claim"). The USDA has filed a Motion for Relief from Stay (the "MFR") asking the Court for permission to set off the USDA Set Off Claim against the USDA's Total Claim. The MFR is still pending decision.

If the MFR is granted, the Debtors will pay the sum of \$132,109.95 or the USDA Total Claim (\$176,846.95) less the USDA Set Off Claim (\$44,737.00) through the Plan, pursuant to United States Bankruptcy Code, Title 11 of the United States Code, 11 U.S.C. § 1225(a)(5)(B).

The Trustee shall, from the payments identified in Paragraph 1 above, remit payments to the USDA commencing on May 5, 2017, with subsequent payments on June 30, 2017, September 29, 2017, and December 29, 2017, and thereafter on the last Friday of each of March, June, September, and December in the years 2018, 2019, 2020, and 2021, in the following minimum sums:

2017 -	\$8,503.00 each quarterly payment;
2018 -	\$9,203.00 each quarterly payment;
2019 -	\$8,703.00 each quarterly payment;
2020 -	\$6,618.48 each of first 3 quarterly payments; and
2020 -	\$6,618.51 final quarterly payment.

If, however, the MFR is denied, the Debtors will pay the USDA Total Claim (\$176,846.95) through the Plan, pursuant to United States Bankruptcy Code, Title 11 of the United States Code, 11 U.S.C. § 1222(a)(5)(B), while the amount of the USDA Set Off Claim (\$44,737.00) will be paid directly to the Trustee.

The Trustee shall, from the payments identified in Paragraph 1 above, remit payments to the USDA commencing on May 5, 2017, with subsequent payments on June 30, 2017, September 29, 2017, and December 29, 2017, and thereafter on the last Friday of each of March, June,

September, and December in the years 2018, 2019, 2020, and 2021, in the following sums:

2017 -	\$8,503.00	each quarterly payment;
2018 -	\$9,203.00	each quarterly payment;
2019 -	\$8,703.00	each quarterly payment;
2020 -	\$9,153.00	each quarterly payment;
2021 -	\$8,649.73	each of first 3 quarterly payments; and
2021 -	\$8,649.76	final quarterly payment.

iii. Fulton Bank, N.A. ("**Fulton**"):

Fulton is the holder of a secured claim arising from 4 commercial loans granted to the Debtors; the secured status of which is established by mortgages and judgment liens against the Debtors' real property located at 6274 Mud Run Road, Nazareth, PA 18064, 6312 Mud Run Road, Nazareth, PA 18064 and 1298 Bangor Road, Nazareth, PA 18064 (the "**Real Property**"), as well as security interests in all of the Debtors' farm equipment, inventory, crops, accounts, and all other personal property. The 4 loans making up Fulton's claim are 2 loans which were due and payable, in full, pre-petition (the "**Fulton Demand Loans**") and 2 loans which mature in 2029 and 2034, respectively (the "**Fulton Term Loans**"). Fulton has a claim against the Debtors in the amount of \$3,082,120.08 (the "**Fulton Claim**"), which was reduced to a judgment in the Court of Common Pleas of Northampton County (the "**Judgment**"), pre-petition. Fulton is over-secured, and thus the Fulton Claim has accrued interest since the Petition date, and will continue to accrue interest, throughout the Plan.

The Debtors will cure the pre-petition arrears owing Fulton, including accrued and accruing interest, through the Plan payments set forth below. The Debtors will pay the balance of Fulton's Claim: \$1,529,785.29, comprised of the Term Loans, outside of the Plan in a single facility (the "**New Fulton Loan**"). To effectuate the New Fulton Loan, the Debtors will execute and deliver to Fulton new loan documents evidencing this restated obligation (the "**New Fulton Loan Documents**"), through the standard and customary forms used by Fulton. The New Fulton Loan Documents will include, *inter alia*, a Promissory Note, a Mortgage on the Real Property or modifications of existing mortgages, as the case may be, insurable, at Debtors' cost, as first and/or first and second liens on the Real Property, and a Security Agreement granting Fulton a security interest on all of Debtors' assets previously pledged to Fulton to secure the payment of the New Fulton Loan. The Debtors will pay the legal costs of the preparation of the New Fulton Loan Documents, which amount will be incorporated into the New Fulton Loan.

The Trustee shall, from the payments identified in Paragraph 1 above, remit payments to Fulton commencing on May 5, 2017, with subsequent payments on June 30, 2017, September 29, 2017, and December 29, 2017, and thereafter on the last Friday of each of March, June,

September, and December in the years 2018, 2019, 2020, and 2021, in the following minimum sums:

2017 -	\$65,000.00	each quarterly payment;
2018 -	\$70,000.00	each quarterly payment;
2019 -	\$80,000.00	each quarterly payment;
2020 -	\$90,000.00	each quarterly payment; and
2021 -	\$100,000.00	each quarterly payment.

In addition to the quarterly payments, no later than November 30, 2021, the Debtors shall remit a payment in the amount of \$380,000.00 to Fulton, outside of the Plan.

The New Fulton Loan Documents shall set forth that the principal balance of the New Fulton Loan shall accrue interest at the annual rate of 4.65%. The New Fulton Loan Documents shall require that Debtors make an initial payment of \$10,000.00 on May 31, 2017, followed by quarterly payments of \$30,000.00 on the last Friday of every of March, June, September, and December until July 31, 2034, at which time a final payment reflecting any then outstanding amounts due and owing under the New Fulton Loan shall be made by Debtors.

At all times, the Debtors shall allow Fulton, and its agents, reasonable, unfettered access to the Real Property and other collateral for purposes of inspection and appraisal and shall cooperate with Fulton and its agents in all reasonably manner in such inspections and appraisals.

Within five (5) days of the execution of the New Fulton Loan Documents, Fulton shall file a Stipulation in this case confirming that the New Fulton Loan Documents have been executed by Debtors ("Fulton Stipulation").

Within five (5) days of the Effective Date of this Plan, as defined below, Fulton shall file the necessary papers in the Court of Common Pleas of Northampton County to re-assess the Judgment to reduce it by the amount of the New Fulton Loan.

Upon the Debtors having made all quarterly in-Plan payments to Fulton in accordance with this Plan and the \$380,000.00 payment on November 30, 2021, Fulton shall file all necessary papers to have the Judgment marked as "Satisfied."

C. Executory Contracts and Unexpired Leases:

The following executory contracts and unexpired leases are affirmed:

i. TCF Equipment Finance ("TCF"):

TCF is the lessor of a John Deere R4038 sprayer to the Debtors with a current balance of \$324,513.07. The Debtors will pay pre-

petition arrears in the amount of \$2,129.84 through the Plan. The Debtors will remit post-petition payments outside of the Plan.

ii. The leases attached hereto as Exhibit "A".

D. Unsecured Creditors

Subsequent to the payment of all priority claims, payments to Fulton, and TCF arrears as provided for under the Plan, the Trustee shall pay all Unsecured Creditors whose claims are duly allowed pro rata as the Trustee shall determine.

3. Title to the Debtors' property shall re-vest in the Debtors upon confirmation of this Plan.

4. Miscellaneous

A. **Effective Date.** This Plan shall become effective upon the latter of the filing of the Fulton Stipulation or 10 days following the date that the Confirmation Order pursuant to 11 U.S.C. § 1129 becomes a final order.

B. **Injunction.** No injunction that would be applicable to this Plan pursuant to the United States Bankruptcy Code, Title 11 of the United States Code, 11 U.S.C. §§ 101-1330, as may from time to time be amended, shall apply to the New Fulton Loan. Fulton shall retain all rights and remedies provided by the New Fulton Loan Documents, or otherwise available at law related thereto, unencumbered by any injunction applicable to this Plan, and shall be free to exercise any such right or remedy, as the case may be.

C. **Automatic Stay.** The Automatic Stay of 11 U.S.C. § 362 for so long as it is effective, shall not, in any way, apply to the New Fulton Loan. The confirmation of this Plan shall constitute a grant by the Court to Fulton of relief from the Automatic Stay to exercise any right or remedy provided by, or related to, the New Fulton Loan Documents.

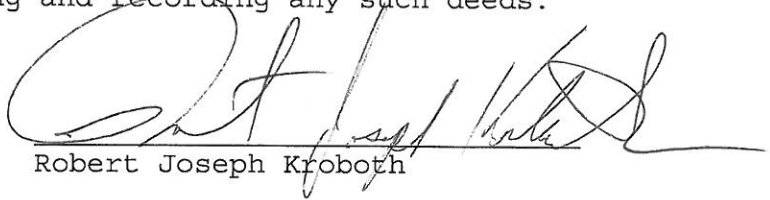
D. **Cure of Default.** No default shall be declared under this Plan unless and until Debtors and their counsel shall have received written notice of default setting forth the specific provision of the Plan and the method of cure sought, and Debtors have failed to cure such default within 10 days of receipt of the written notice

E. **Recordation of Plan and Confirmation Order.** A true, certified copy of the Plan and/or the Confirmation Order may be recorded in any public place appropriate for such recordation. Pursuant to Code § 1146(c), the making or delivery of an instrument of transfer under the Plan may not be taxed under any law imposing a stamp tax or similar tax. In order to effectuate Code § 1146(c), each recorder of deeds or similar official for

any county, city or governmental unit in which deeds for transfer of any property of the Estate is to be recorded shall, pursuant to the Confirmation Order, be ordered and directed to accept such deeds for recording and promptly to record such deeds. The Confirmation Order shall provide that the filing of any objection thereto shall not stay the effect of the Confirmation Order and shall not exempt or excuse any recorder of deeds or similar official from promptly accepting and recording any such deeds.

Dated: \_\_\_\_\_

5/1/17



Robert Joseph Kroboth

Dated: \_\_\_\_\_

5/1/17



Melanie Ann Kroboth



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06/20/16

Accrual Basis

**KROBOTH FARMS**  
**Account QuickReport**  
January through December 2016

Type	Date	Num	Name	Memo	Split	Amount
Rent - land						
Check	1/21/2015	1505	Gerald Brinker Estate	Land Rent 20...	Lafayette Amb...	
Check	3/16/2015	1604	Northampton Count...	2015 Land R...	Lafayette Amb...	3,800.00
Check	3/25/2015	1619	Raymond Bartolacci	VOID: 2015 L...	Lafayette Amb...	2,500.00
Check	3/25/2015	1620	Raymond Bartolacci	2015 Land R...	Lafayette Amb...	0.00
Check	4/20/2015	1671	Katie Falcone	2015 Land R...	Lafayette Amb...	1,800.00
Check	4/22/2015	1674	Joan Morykin	2015 Land R...	Lafayette Amb...	10,000.00
Check	4/28/2015	1682	Hai Savakus	first half 2015...	Lafayette Amb...	4,500.00
Check	5/5/2015	1684	Grazilla Calantoni	VOID: 2015 L...	Lafayette Amb...	3,000.00
Check	5/11/2015	1687	Grazilla Calantoni	2015 Land R...	Lafayette Amb...	0.00
Check	6/30/2015	1792	LaRue Phillips	2015 Land R...	Lafayette Amb...	1,800.00
Check	8/19/2015	1884	Sebastian Lofacono	2015 Land R...	Lafayette Amb...	980.00
Check	9/1/2015	1875	Sebastian Lofacono	VOID: 2015 L...	Lafayette Amb...	3,000.00
Check	9/1/2015	1876	Sebastian Lofacono	2015 Land R...	Lafayette Amb...	0.00
Check	11/12/2015	2030	Richard Spangier	2015 Land R...	Lafayette Amb...	2,500.00
Check	11/12/2015	2031	Julia Pontist	2015 Land R...	Lafayette Amb...	700.00
Check	11/12/2015	2032	Betty Reagan	2015 Land R...	Lafayette Amb...	1,500.00
Check	11/12/2015	2033	Terry Albert	2015 Land R...	Lafayette Amb...	700.00
Check	11/12/2015	2034	Diane Patterson	Land Rent 20...	Lafayette Amb...	1,200.00
Check	11/12/2015	2035	Robert Bernhel	2015 Land R...	Lafayette Amb...	1,500.00
Check	11/12/2015	2036	Patty Rutt	2015 Land R...	Lafayette Amb...	1,000.00
Check	11/12/2015	2037	Larry Rothrock	2015 Land R...	Lafayette Amb...	2,000.00
Check	11/12/2015	2038	Hai Savakus	final half 201...	Lafayette Amb...	3,000.00
Check	11/13/2015	2042	Olav Sandnes	2015 Land R...	Lafayette Amb...	3,000.00
Check	11/21/2015	2057	Washington Twsp.	2015 Land R...	Lafayette Amb...	700.00
Check	11/22/2015	2060	Julia Altonwer	2015 Land R...	Lafayette Amb...	2,550.00
Check	11/22/2015	2061	St. Anthony of Padu...	2015 Land R...	Lafayette Amb...	450.00
Check	11/22/2015	2062	LaRue Phillips	2015 Land R...	Lafayette Amb...	320.00
Check	11/25/2015	2069	June Folk	2015 Land R...	Lafayette Amb...	950.00
Check	11/25/2015	2070	Larry VanHorn	2015 Land R...	Lafayette Amb...	1,300.00
Check	11/25/2015	2071	Nelson Cunha	2015 Land R...	Lafayette Amb...	2,000.00
Check	12/1/2015	2081	Northampton Count...	2015 Land R...	Lafayette Amb...	900.00
Check	12/1/2015	2082	Patty Graves	2015 Land R...	Lafayette Amb...	2,500.00
Check	12/1/2015	2083	MaryAnn Warmkes...	2015 Land R...	Lafayette Amb...	400.00
Check	12/1/2015	2084	Sigmund Quarry	2015 Land R...	Lafayette Amb...	400.00
Check	12/22/2015	2124	Nagy Family TRT	2015 Land R...	Lafayette Amb...	400.00
Check	12/28/2015	2129	David Price	2015 Land R...	Lafayette Amb...	500.00
Check	12/28/2015	2130	Carlton Michaels	2015 Land R...	Lafayette Amb...	1,500.00
Check	12/28/2015	2131	Charles Jones	2015 Land R...	Lafayette Amb...	1,400.00
Check	12/28/2015	2132	Frank Cozze	2015 Land R...	Lafayette Amb...	5,000.00
Check	12/28/2015	2133	Jonathan Templeton	2015 Land R...	Lafayette Amb...	2,000.00
Check	12/28/2015	2134	Len Sabatine	2015 Land R...	Lafayette Amb...	1,800.00
Check	12/28/2015	2135	Robert Wanz	2015 Land R...	Lafayette Amb...	1,600.00
Check	12/28/2015	2136	Bart Wistuk	2015 Land R...	Lafayette Amb...	1,400.00
Check	12/28/2015	2137	Raymond Bartolacci	2015 Land R...	Lafayette Amb...	2,200.00
Check	12/28/2015	2138	Leon Brodt	2015 Land R...	Lafayette Amb...	1,800.00
Check	12/28/2015	2139	Jackson Gebhardt	2015 Land R...	Lafayette Amb...	1,800.00
Check	12/28/2015	2140	Gary Perin	2015 Land R...	Lafayette Amb...	1,400.00
Check	12/28/2015	2141	Katie Falcone	2015 Land R...	Lafayette Amb...	2,000.00
Check	12/28/2015	2142	Gerald Brinker Estate	VOID: Land ...	Lafayette Amb...	20,000.00
Check	12/30/2015	2144	Daniel Falcone	2015 Land R...	Lafayette Amb...	0.00
						500.00
Total Rent -land						105,020.00
TOTAL						105,020.00

Exhibit "A"

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06/20/16

Accrual Basis

**KROBOTH FARMS**  
**Account QuickReport**  
January 1 through June 20, 2016

Type	Date	Num	Name	Memo	Split	Amount
Rent - land						
Check	3/14/2016	1152	Northampton Count...	1/2 2016	Merchants Bank	2,500.00
Check	3/17/2016	1170	Bushkill Township	2016	Merchants Bank	2,500.00
Check	5/7/2016	1271	Hai Savakus	Half Land Re...	Merchants Bank	38,584.46
Check	5/7/2016	1272	Katie Falcone	2016	Merchants Bank	3,000.00
Check	5/11/2016	1278	Grazilla Calantoni	2016 Land R...	Merchants Bank	10,000.00
Check	5/11/2016	1279	Gerald Brinker Estate	2015 Land R...	Merchants Bank	1,800.00
Check	5/30/2016	1311	Joan Morykin	partial 2016 L...	Merchants Bank	3,800.00
Total Rent - land						2,500.00
						60,184.46
TOTAL						60,184.46